

# NEXT

Brands: Next



## COMPANY POSITION ON THE LIVING WAGE:

“As a long standing and active member of ETI [the Ethical Trading Initiative], NEXT is fully committed to the Living Wage principle ... We are well aware that we (as many other global organisations) do not have an internationally accepted definition of a living wage, or a methodology for calculating one. Whilst the Asia Floor Wage Campaign offers strong discussion and benchmark figures, we continue to believe that less emphasis should be placed on finding a universal formula and more on how to ensure wages and worker benefits are increased sustainably through workers and employers engaging in dialogue enabling mature systems of industrial relations to develop.”

## WHAT WE SAY:

Next is taking a collaborative approach to the living-wage issue by working on improving freedom of association (FOA) in Turkey. However, this long-term strategy still lacks living-wage benchmarks and any commitment to address price, which is disappointing.

## IN MORE DETAIL:

### Has living-wage benchmarks?

No.

### Worker empowerment:

Next says: “Our strategy to implement living wages has worker management dialogue as a key / crucial pillar as the Turkey programme (see below) highlights. This collaboration will allow us to build relationships with local suppliers and the global and local unions to ensure capacity has been created to facilitate the scaling up of this work.”

Systematic training for workers and management in Turkey was detailed as part of Next’s Joint Turkey Programme: “Trainings will be provided by Trade union and NGO partners at all levels of the factory, moving into more focused work with management and workers separately and together to identify shortfalls in the workplace against FOA requirements.”

Next has a well-used worker hotline complaints mechanism in China with the NGO Inno.

### Commitment and practices:

Next uses the minimum wage as a benchmark on wages. No living-wage benchmark has been developed.

Next has a system in place for working with suppliers “beyond simply auditing”: “We provide training materials, example documentation, and importantly, reasons why certain requirements are necessary, along with guidance on how to use specific tools to address particular issues.”

### **Collaborative approach:**

Next says: “During 2012/2013 we have partnered with IndustriALL as part of the Joint Turkey programme with a clear future ambition to expand this work globally, as well as initiate multi-stakeholder social dialogue discussions.”

Next is an active member of the ETI. Work with various NGO partners and unions was mentioned both on a local and international scale, as was ongoing involvement in homework supply-chain mapping. Next participated in the Berlin Living Wage conference, and is involved in a collaboration with a group of ETI companies working on a living-wage process.

### **Strategy:**

Next says: (about its Joint Turkey Programme): “We aspire to work towards a living wage, but not in isolation. Our Joint Turkey Programme addresses HR Management systems, FOA and wages.” Work will “holistically link worker management dialogue with productivity/efficiency.

## **COMMENTS:**

Next’s Turkey project is interesting and a step forward. We are glad it has made freedom of association a central tool for achieving wage improvement. It is also great that Next is working collaboratively with two other retailers, and with the global union IndustriALL, as wage improvement will only ever work if information is shared and change brought about by many.

However, the project isn’t ambitious enough. Next and others have failed to set living-wage benchmarks, so its aspiration to “work towards a living wage” cannot be quantified. KPIs that “ensure wages are enhanced” could go a lot further, as simply getting wages above the minimum is no longer revolutionary. Establishing living-wage benchmarks sets clear parameters for the problem, and will show that a living-wage level is many times more than the minimum-wage level. Next says that while it sees the Asia Floor Wage as a useful tool for provoking discussion, without a universally agreed benchmark it intends to focus more on simply boosting wages. We disagree that this is an either/or situation. Since 2009, when the Asia Floor Wage Alliance defined what a living wage means in purchasing power, a number of nuanced systems have emerged that allow companies to compare the wages paid to their suppliers against

Each work stream has its own KPI’s [key performance indicators]. The KPI’s in the wages work stream are set to ensure workers wages are enhanced and incentive schemes/targets are realistic and have employee involvement.”

The scheme is a partnership between Next, Arcadia Group and Inditex, and will cover three factories and 3,000 workers in its initial phase.

Next also mentioned some collaborative work with manufacturers this year: “There are manufacturers that have established high levels of competitiveness by retaining high quality workers through excellent conditions and payment. It is NEXT intention this year to seek a limited number of successful manufacturers that have achieved the above to partner & achieve understandings for future replication.”

### **Production overview:**

**Number of suppliers:** 2,118 first-tier suppliers

**Main production countries listed as:** China (44%), India (9%), Sri Lanka (8%), Turkey (7%), Bangladesh (7%), Other (25%)

Next does not publish a full public list of the names and addresses of its supplier factories.

a ladder of benchmarks and thus measure progress. Without a “universally agreed formula”, many companies in this report have engaged in the benchmark process and measured the gaps between the minimum and living wages, allowing them to mark progress against a scale. Next could do a lot worse than to join this trend.

We also have concerns about the focus of the project on productivity. If Next had established some benchmarks or even wage goals of the project, it would see that the sort of gains that can be made by productivity improvements mostly do not bring about the mass increase that wages need in order to reach a level that will cover a worker’s basic needs and those of their family. Productivity improvements, worked out in collaboration with workers and unions, are an important piece of the puzzle, yes. But a clear commitment from buyers to also increase their prices is vital. The global race to the bottom has gone so far that buyers, who have the money, must contribute substantially to any real change. The acknowledgement of this responsibility is sadly missing from Next’s project.

We hope that Next can build this sort of commitment into its work in the coming year.